

Message Text

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LONDON FOR KINSOLVING; OTHER ADDRESSEES FOR AMBASSADORS

E.O. 11652: XGDS-2

TAGS: EG, IS, PINR

SUBJECT: INTSUM 399 - SEPTEMBER 12, 1977

NOT RELEASABLE TO FOREIGN NATIONALS

1. ISRAEL. THE ISRAELI PEACE PROPOSALS AS DESCRIBED IN
THE ISRAELI PRESS OVER THE WEEKEND HAVE PREDICTABLY DRAWN

UNIFORMLY NEGATIVE ARAB REACTION THUS FAR. THE ARAB PRESS
HAS CHARACTERIZED THE ISRAELI FORMULA AS "A TREATY OF
SURRENDER (ON THE ARABS' PART), NOT OF PEACE." AMMAN
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RADIO SAID IT WAS "NOT WORTH DISCUSSING," AND A CAIRO
RADIO COMMENTARY STATED THAT IT HAD NOT BROUGHT FORWARD
ANYTHING WHICH WOULD BE IN THE INTERESTS OF PEACE.
EGYPTIAN FOREIGN MINISTER FAHMY ASSERTED PRIVATELY THAT
IF THIS WAS INDEED THE ISRAELI POSITION, THEN HOPES FOR PEACE
HAVE BEEN DASHED. HE ADDED THAT ALL ARABS SHARED THE CON-
VICTION THAT BEGIN'S PROPOSALS WERE NON-ACCEPTABLE.
(CONFIDENTIAL)

2. EGYPT. DISCONTENT WITH THE SADAT REGIME, AS WE

HAVE NOTED PREVIOUSLY ON A NUMBER OF OCCASIONS, CONTINUES TO GROW. SADAT'S POSITION CLEARLY HAS ERODED SINCE THE OCTOBER WAR, AND THE LEVEL OF DISCONTENT IN ALL STRATA OF SOCIETY MAY NOW HAVE REACHED A NEW HIGH.

3. SADAT HAS HAD NO DEMONSTRABLE SUCCESS FOR OVER TWO YEARS, AND HIS POLICIES--FOREIGN AND DOMESTIC--ARE BEING INCREASINGLY QUESTIONED. THE QUESTIONING COMES NOT ONLY FROM TRADITIONAL ANTI-SADAT ELEMENTS SUCH AS THE NASSERISTS, BUT ALSO FROM ISLAMIC FUNDAMENTALISTS, THE MIDDLE CLASS, AND INCREASINGLY FROM THE MILITARY. FOR THE FIRST TIME, SADAT IS FACING OVERT OPPOSITION FROM THE LEFT (COMMUNISTS AND NASSERISTS), RIGHT (ISLAMIC EXTREMISTS), AND CENTER (REEMERGENCE OF THE WAFD).

4. SOME OF THE REGIME'S PROBLEMS ARE BASIC, DEEPLY INGRAINED, AND ESSENTIALLY INSOLVABLE. RAPID POPULATION GROWTH, WORLD AND DOMESTIC INFLATION, THE INABILITY OF PUBLIC SERVICES TO KEEP PACE WITH PUBLIC DEMANDS, AND EGYPT'S TRADITIONAL BLOATED BUREAUCRACY ALL APPEAR TO BE PROBLEMS WHICH NO EGYPTIAN GOVERNMENT CAN SOLVE.
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SADAT ALSO SEEMS TO BE BURDENED BY THE WIDESPREAD BELIEF THAT HIS FOREIGN POLICY HAS FAILED. NONE OF HIS INITIATIVES--SUCH AS THE COOLING OF RELATIONS WITH THE SOVIETS, CHALLENGING THE LIBYANS, THE ECONOMIC "OPEN DOOR," AND SUPPORT FOR OUR PEACE EFFORTS--HAVE PRODUCED TANGIBLE BENEFITS. HIGH EGYPTIAN EXPECTATIONS OVER A POSSIBLE BREAKTHROUGH WERE FANNED BY POSITIVE US AND EGYPTIAN STATEMENTS. NOW, THERE IS GROWING UNCERTAINTY ABOUT WHETHER THE US APPROACH CAN SUCCEED AND THIS REFLECTS POORLY ON SADAT.

5. ALTHOUGH SADAT'S POLITICAL LIBERALIZATION AND ECONOMIC REFORM HAVE BEEN VERY SUCCESSFUL IN IMPROVING HIS ECONOMIC AND POLITICAL STANDING ABROAD, THEY SEEM TO HAVE BOOMERANGED AT HOME. EGYPT HAS HAD REMARKABLE SUCCESS IN MARSHALING EXTERNAL RESOURCES. THESE SUCCESSES, HOWEVER, HAVE BEEN CONTINGENT ON SOME TOUGH INTERNAL ECONOMIC REFORMS, INCLUDING THE REMOVAL OF SUBSIDIES, WHICH ARE VERY UNPOPULAR. HIS POLITICAL LIBERALIZATION PROGRAM WAS, UNTIL THE JANUARY RIOTS, ONE OF HIS MAJOR SUCCESSES. NOW, IT APPEARS TO HAVE ATTRACTED ONLY DISSENTERS.

6. FINALLY, SADAT'S LEADERSHIP STYLE IS BEING QUESTIONED AND SOME CHARGE THAT HE HAS MADE HIMSELF INCREASINGLY IRRELEVANT IN DOMESTIC POLICY DECISIONS. MOREOVER, CORRUPTION AND CRONYISM REMAIN SOURCES OF PUBLIC DISCONTENT. ALTHOUGH SADAT EXUDES CONFIDENCE IN PRIVATE MEETINGS, THERE ARE SIGNS THAT HE IS WORRIED; SOME HAVE

SAID THAT HIS MONTH-LONG RAMADAN VACATION REFLECTS HIS CONCERN AND THE PRESSURES HE IS UNDER.

7. CONTINUED PUBLIC, INCLUDING MILITARY, SUPPORT FOR SADAT VERY LARGELY DEPENDS ON EARLY MEANINGFUL PROGRESS ON THE MIDDLE EAST FRONT, MORE EFFECTIVE MEASURES TO CHECK THE STEADY DEGRADATION OF EGYPTIAN DEFENSE CAPABILITY, AND IMPROVEMENT IN ECONOMIC CONDITIONS. A

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BREAKDOWN OF PUBLIC ORDER, RESULTING FROM RENEWED PRICE RIOTS OR ANY OTHER CAUSE, IS A POTENTIALLY DANGEROUS THREAT TO SADAT'S POSITION, ESPECIALLY IF IT REACHES THE POINT WHERE MILITARY INTERVENTION IS REQUIRED. SUCH DISCONTENT AS EXISTS IN THE MILITARY DOES NOT SEEM TO HAVE REACHED THE DANGER POINT, BUT IT IS NOT INCONCEIVABLE THAT A SITUATION COULD DEVELOP THAT MIGHT COMPEL THE MILITARY TO TAKE A MORE ACTIVE ROLE IN THE POLITICAL PROCESS. FOR THE MOMENT, HOWEVER, SADAT'S ABILITY TO CONDUCT PEACE NEGOTIATIONS IS NOT SERIOUSLY DIMINISHED. (SECRET/NOFORN)

8. SYRIA. JUST AS SADAT HAS HIS PROBLEMS, PRESIDENT ASSAD CONTINUES TO WALK A TIGHTROPE. ASSAD'S INTERNAL SITUATION MAY BE COMING TO A HEAD AS HE PREPARES TO SEND HIS FOREIGN MINISTER TO THE US. THE DIFFERENCE BETWEEN ASSAD'S MOST RECENT MOVES AGAINST DOMESTIC CRITICS AND PREVIOUS ENDEAVORS IS THAT THIS TIME HE IS ENGAGING THEM PERSONALLY TO WREST THE INITIATIVE AWAY FROM THEM. WHILE HE TAKES SOME RISKS IN HIS BOLD ATTEMPT TO CONFRONT HIS CRITICS, HE HAS STAGED THE CONFRONTATION IN A WAY THAT WILL ALLOW HIM TO REPLENISH DEPLETED POLITICAL CAPITAL IF HE SUCCEEDS.

9. AS REPORTED EARLIER, IN MID-AUGUST ASSAD LAUNCHED AN ANTI-CORRUPTION DRIVE AIMED AT REVERSING THE DETERIORATION IN HIS DOMESTIC POSITION. MOST DAMASCENES, ACCORDING TO EMBASSY DAMASCUS, SCOFFED AT THE LIKELIHOOD THAT ASSAD'S CAMPAIGN WOULD KEEP THE GRAFTERS FROM CONTINUING

TO LINE THEIR POCKETS WHILE FRUSTRATED LOWER AND MIDDLE CLASS SYRIANS TRIED TO COPE WITH INCREASINGLY HEAVY ECONOMIC PRESSURE. DAMASCENES WERE STARTLED BY THE SECRET

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ANNOUNCEMENT IN LATE AUGUST OF THE ARREST OF 16 PROMINENT BUSINESSMEN AND BY REPORTS THAT OTHERS, INCLUDING A CLOSE ALAWITE FRIEND OF THE PRESIDENT, HAD FLED THE COUNTRY TO AVOID DETENTION.

10. THE CHARGE IN THE SYRIAN MEDIA THAT THESE DETAINEES WERE "BUSINESS AGENTS AND MIDDLEMEN" SUGGESTED THAT THE INVESTIGATING COMMITTEE AUTHORIZED BY ASSAD TO LOOK INTO ECONOMIC ABUSES WAS ENLARGING ITS SCOPE TO INCLUDE SENIOR GOVERNMENT OFFICIALS. THE EMBASSY HAS LEARNED THAT TWO RANKING BAAATH PARTY OFFICIALS, INCLUDING FORMER PRIME MINISTER AYYUBI, A SUNNI, AND A FORMER DEPUTY PRIME MINISTER, AN ALAWITE, ARE PRESENTLY UNDER HOUSE ARREST. THE EMBASSY BELIEVES THAT ASSAD MAY CHANNEL THE GROWING MOMENTUM AND PUBLIC SUPPORT FOR HIS MEASURES INTO A CAMPAIGN TO ROUST OPPONENTS FROM THE BAAATH PARTY HIERARCHY. A NUMBER OF SOURCES HAVE REPORTED TO THE EMBASSY THAT AN EXTRAORDINARY PARTY CONFERENCE WILL BE CONVENED THIS FALL TO ELECT A NEW PARTY COMMAND.

11. THE EMBASSY HAS ALSO RECEIVED INDICATIONS, NOT YET CONFIRMED, THAT SOME MILITARY OFFICERS HAVE BEEN SWEEPED INTO THE DRAGNET. ACCORDING TO LOCAL RUMOR, 20 OFFICERS RESPONSIBLE FOR MILITARY PROCUREMENT ARE UNDER HOUSE ARREST. IF THIS REPORT IS TRUE, IT WOULD INDICATE THAT ASSAD IS RESPONDING TO DISAFFECTION ON THE PART OF LOWER AND MIDDLE GRADE MILITARY OFFICERS WHO ARE MORE VULNERABLE THAN THEIR COMMANDERS TO ECONOMIC HARDSHIPS.

12. ASSAD'S DETERMINATION TO MOVE THE ANTI-CORRUPTION INVESTIGATION FORWARD HAD LED TO A CHANGE OF ATTITUDE ON THE PART OF MANY SYRIANS. THEY HAVE BEEN PARTICULARLY IMPRESSED THAT EVEN THE PRESIDENT'S BROTHER RIFAT, WHO IS NOTORIOUSLY CORRUPT, HAS BEEN OBLIGED TO PAY BACK TAXES AND TO DISPOSE OF PROPERTY ACQUIRED ILLEGALLY.

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THE EMBASSY NOTED RUMORS THAT RIFAT MAY EVEN BE REMOVED FROM HIS POSITION AS COMMANDER OF THE DEFENSE COMPANIES, THE REGIME'S PRAETORIAN GUARD. WE SUSPECT THAT THE REPORTS ABOUT RIFAT ARE AN EFFORT BY THE PRESIDENT TO ALLAY PUBLIC CONCERN THAT HIS BROTHER IS IMMUNE FROM THE

ANTI-CORRUPTION CAMPAIGN, AND EXERT SOME DISCIPLINE ON RIFAT'S FREEWHEELING ACTIVITIES, BUT ULTIMATELY TO LEAVE RIFAT IN HIS POSITION AS ONE OF THE REGIME'S MAJOR PILLARS.

13. ASSAD HAS TWO MAJOR OPTIONS AT PRESENT. HE CAN RELEASE THE DETAINEES HIS INVESTIGATORS HAVE ARRESTED AND WIND DOWN THE CAMPAIGN. THIS STEP WOULD ENHANCE PUBLIC CYNICISM BY MAKING CLEAR THAT THE REGIME REGARDED THE ANTI-CORRUPTION CAMPAIGN AS A PUBLIC RELATIONS GIMMICK. WE BELIEVE THAT ASSAD WILL NOT CHOOSE THIS COURSE. INSTEAD, HE WILL PROBABLY TRY TO HARNESS THE PUBLIC SUPPORT HE HAS ACQUIRED THUS FAR TO A BROADER

CAMPAIGN TO REFORM HIS REGIME. AT THE SAME TIME, HOWEVER, WE EXPECT THAT ASSAD WILL BE CAREFUL NOT TO WEAKEN HIS INNER CIRCLE OF MILITARY AND SECURITY ADVISORS. IF HE CAN CONTROL PUBLIC EXPECTATIONS, AND THERE IS A DANGER THAT THEY MAY RISE TOO HIGH, ASSAD WILL HAVE HIS HANDS ON A LEVER THAT HE CAN USE TO KEEP HIS OPPONENTS OFF BALANCE AND TO FOCUS PUBLIC ATTENTION ON DOMESTIC ISSUES, WHILE HE CENTERS HIS EFFORTS ON THE PEACE PROCESS. IN ANY CASE, HE COULD NO LONGER AFFORD TO IGNORE ACCUMULATED TENSIONS ON THE DOMESTIC FRONT.

14. THE DOMESTIC DISSIDENTS MAY BE TOO BUSY TRYING TO EVADE ASSAD'S INVESTIGATORS TO ORGANIZE RESISTANCE TO HIS INITIATIVE. ON THE OTHER HAND, THOSE WHO FEAR
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THAT THE INVESTIGATIONS WILL REVEAL THEIR INVOLVEMENT IN CORRUPT ACTIVITIES MAY ATTEMPT PRE-EMPTIVE ACTION. IN OUR VIEW, POTENTIAL COUP PLOTTERS WOULD NOT FIND ASSAD AN EASY TARGET. WE ALSO NOTE REPORT THAT A SMALL GROUP RESPONSIBLE FOR NUMEROUS ASSASSINATIONS AND BOMBINGS HAS BEEN ARRESTED. IF THE ABSENCE OF DOMESTIC VIOLENCE CONTINUES IN COMING WEEKS, IT WILL BE REASONABLE TO CONCLUDE THAT ASSAD HAS TURNED AN IMPORTANT CORNER ON THE INTERNAL SECURITY ISSUE. (SECRET/NOFORN)

15. ARAB LEAGUE. EMBASSY CAIRO REPORTED THAT THE EGYPTIAN PERMANENT REPRESENTATIVE TO THE ARAB LEAGUE COMMENTED THAT THE RECENT MEETING WAS GENERALLY SATISFACTORY. THE PRINCIPAL DISPUTE WAS BETWEEN EGYPT AND THE HARD LINE ADVOCATED BY SYRIA. THE MAJORITY OF STATES PASSIVELY SUPPORTED EGYPT; THE SAUDIS IN PARTICULAR DID NOT SPEAK OUT. EGYPT, ACCORDING TO THE

EGYPTIAN REPRESENTATIVE, IS INCREASINGLY ISOLATED AS A RESULT OF ITS EMPHASIZING THE POSITIVE RESULTS OF SECRETARY VANCE'S VISIT AND THE CONTINUING MOMENTUM OF THE PEACE PROCESS DESPITE AN ALMOST UNIVERSAL ARAB BELIEF THAT THAT VISIT CONTRIBUTED NOTHING. (SECRET)

16. WEST BANK. ASSESSING THE PRESENT MOOD ON THE WEST BANK, OUR JERUSALEM CONSULATE GENERAL COMMENTED THAT WEST BANKERS ARE BECOMING INCREASINGLY PESSIMISTIC ABOUT THE PROSPECTS FOR PEACE. ACUTE CONCERN IS EVIDENCED OVER ISRAELI INTENTIONS TOWARD THE WEST BANK; THERE IS A GROWING FEAR THAT ISRAEL IS SLOWLY AND INEXORABLY CHANGING THE CHARACTER OF THE WEST BANK TO BECOME MORE AND MORE A PART OF ISRAEL. AS A RESULT, US POLICY IS COMING UNDER INCREASING ATTACK AMONG WEST BANKERS AND IN THE LOCAL PRESS. SOME DEMONSTRATIONS ARE EXPECTED AS WEST BANK STUDENTS RETURN TO SCHOOL. (CONFIDENTIAL)
VANCE

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